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**U.S. Triples Funding to \$150 Million to Help Support Developing Countries Participate
and Benefit From the FTAA Negotiations**

WASHINGTON - As the Free Trade Area of the Americas (FTAA) negotiations in Miami this week focused on crafting a comprehensive FTAA that will open markets and integrate the Hemisphere economically, the U.S. today underscored its commitment to the Hemispheric Cooperation Program (HCP), a program designed to help small economies participate in, implement, and adjust to the FTAA.

"The United States is committed to trying to help smaller economies and those that are less advantaged to be able to get the full benefits of trade with their neighbors. In order to overcome poverty and to support their development," U.S. Trade Representative Robert B. Zoellick said. "What the Hemispheric Cooperation Program does is allow the United States, Canada, private companies, NGOs, and international financial institutions to try to find innovative ways to combine our overall efforts. It's based on our belief that we need to make globalization work for developing countries."

"World Bank research shows that income, per capita, in globalized and developing countries grew more than three times faster than that in non-globalized or developing countries in the 1990s," added Zoellick.

Trade capacity building helps improve the ability of small and less developed economies so they can make the necessary changes to open markets and provide for fair rules. With this in mind, U.S. cooperation efforts are demand-driven and focus on the three main areas highlighted in the TCB strategies: preparing for trade negotiations, implementing trade commitments, and adjusting to integration.

In recent years, total U.S. support for trade capacity building in Latin America and the Caribbean has nearly tripled to \$150 million in 2003 from \$52 million in 1999. This level exceeds the \$147 million highlighted by Zoellick at the Quito Ministerial. In addition to the U.S. Agency for International Development (USAID), which provides a significant portion of this increased funding, more than ten other U.S. agencies deliver cooperation assistance to

the hemisphere.

The "FTAA Hemispheric Cooperation Program: A Partnership for the Future" is available online at www.ustr.gov.

Background

National and/or regional trade capacity building (TCB) strategies, or needs assessments, serve as the foundation of the Hemispheric Cooperation Program. These TCB strategies enable a wide range of donors to coordinate with the recipient countries and each other to ensure that the cooperation provided to the hemisphere is efficient and effective. Such efforts by all partners contributed to a successful initial donor-country roundtable meeting October 14-15 in Washington, DC.

The initial donor-country roundtable focused the attention of the donor community to the HCP and provided recipient countries an opportunity to begin focusing on cross-cutting TCB needs. This helps recipient countries identify the TCB needs that are of highest priority within each sub-region. The roundtable also provided the FTAA countries and donor community an opportunity to begin to mainstream TCB into the conceptualization and implementation of donors' development assistance strategies and the countries' national development planning.

In the context of the U.S.-Central America Free Trade Agreement (CAFTA) negotiations, the experiences of the TCB Working Group, which meets alongside the negotiating groups, have provided valuable insight to the process of delivering trade-related cooperation assistance and the importance of countries and donors working together.

The following summaries provide illustrations of ways in which U.S. support for TCB can be mobilized within each of the three TCB areas.

- With USAID assistance, the Caribbean Community's (CARICOM) Regional Negotiating Mechanism (RNM) created a Virtual Secretariat that links the 7 RNM offices with the 15 CARICOM member states' Trade Ministries. The network enables member countries to collaborate and exchange information on trade-related matters and coordinate positions for the FTAA negotiations. Ongoing USAID support has facilitated training and assisted the development of the Virtual Secretariat through a website that provides the private sector with access to CARICOM documents relevant to the FTAA negotiations.

- USAID is assisting El Salvador's efforts to reap the benefits of free trade through multiple rural and agricultural diversification programs. Through its FINTRAC and CLUSA de El Salvador programs, USAID helps farmers and agri-businesses acquire new technologies, such as drip irrigation, to improve production. This assistance also builds their capacity to identify, analyze, and seize trade opportunities in new export markets.
 - o USAID assists small and medium-sized enterprises (SMEs) in Jamaica to improve their competitive position in export markets by underwriting the "Business Clinics for Small Enterprises" education series. The clinics, which are open to more than 1,200 SMEs, provide

hands-on training in finance, management, marketing, and strategic planning. As a result, Jamaican SMEs are improving business operations and winning new international markets.

- The U.S. Department of Labor recently awarded a \$6.7 million grant to the Foundation for Peace and Democracy to work with labor ministries, employers, and workers, and non-governmental organizations to ensure that information about labor laws and services are made available to the widest audience possible in Central America.

- The U.S. Trade and Development Agency provided a grant to the Organismo Supervisor de Inversión Privada en Telecomunicaciones (OSIPTEL) to assess the conditions and level of competition of local, long-distance, wireless, and international telecom service, as well as cable television service, and the current role of OSIPTEL. In addition, the grant helps OSIPTEL develop a strategic plan for improving their current functions, including staff training.

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